

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. BOX 47029
NEWARK, NEW JERSEY 07101

IN THE MATTER OF:

BRIAN P. DELANEY

CRD # 2577944

CONSENT ORDER

WHEREAS, the New Jersey Bureau of Securities is the state agency with the responsibility to administer and enforce the New Jersey Uniform Securities Laws, 49:3-47 *et seq.* The Bureau is conducting an investigation into the activities of Brian P. Delaney and others involving the conduct as detailed in the findings and order set forth below. Brian P. Delaney and the Bureau desire to settle the aforesaid matters without the expense and delay of further proceedings and Brian P. Delaney consents to the imposition of the findings and sanctions imposed by this order.

The Bureau Chief makes the following findings:

1. Brian P. Delaney ("Delaney"), residing at 200 Gales Court, Morris Plains New Jersey, 07950, was registered with the Bureau as an agent of Knight Securities, L.P., from October, 1996 to February, 2002.
2. Knight Securities, L.P., ("Knight"), a registered broker-dealer having its principal place of business at 525 Washington Avenue, Jersey City, New Jersey 07310, is a public company whose primary business is acting as a market maker for numerous securities and executing order flow from numerous broker-dealers including E-Trade Securities ("E-Trade").
3. Delaney was employed as an equity trader at the Jersey City, New Jersey office of Knight. Delaney was responsible for executing trades in approximately fifty securities on Knight's behalf. As a consequence of his

position at Knight, Delaney knew that E-trade directed a large portion of its order flow to Knight for execution.

4. Between at least March, 2001 and February, 2002, Delaney engaged in and agreed with other traders at Knight to carry out a fraudulent trading scheme that resulted in a \$1.4 million loss for Knight.
5. To accomplish and carry out this trading scheme, Delaney, individually and working with others:
 - a) agreed with other traders at Knight to execute transactions in furtherance of the trading scheme;
 - b) established and funded nominee brokerage accounts away from Knight at E-Trade;
 - c) entered or caused others to enter limit orders for the purchase and sale of securities he knew or reasonably knew would be routed to him or to others he had agreed with at Knight;
 - d) executed these trades at artificial prices away from the market and favorable to the nominee.
6. The purpose of the trading scheme was to allow the beneficial owners of the nominee accounts to profit from the transactions by capturing the trading spread on these securities.
7. By executing the orders on both sides of the transaction, at artificial prices away from the market, Delaney and others assured that the trades were profitable and riskless.

8. The trading scheme orchestrated and carried out by Delaney and others described above operated as a device, scheme or artifice to defraud Knight in violation of N.J.S.A. 49:3-52 which is cause pursuant to N.J.S.A. 49:3-58 and N.J.S.A. 49:3-70.1 for the entry of an order revoking Delaney's registration as an agent and is cause for the entry of an order assessing a monetary penalty against him and such other relief as the Bureau Chief shall deem necessary in order to fulfill the purposes of N.J.S.A. 49:3-47, *et seq.*
9. As a result of the above described activities, Delaney has paid \$1,178,475 in restitution to Knight in resolution of a civil law suit instituted by Knight. Additionally, Knight recovered \$485,395 from a nominee account, which Delaney used in the trading scheme. Delaney is cooperating with the Bureau's investigation and represents that he will continue to cooperate with the Bureau's ongoing investigation. Delaney has provided the Bureau with a financial statement that the Bureau has relied upon.

THEREFORE,

It is on this 8th day of September, 2003, Ordered that Brian P. Delaney is, by consent and without further hearing, barred from acting as an agent, broker-dealer, or Investment Advisor as defined by N.J.S.A. 49:3-49 or from having any association with any broker-dealer or investment adviser in any capacity; or from being employed by any broker-dealer or investment adviser in any trading, managerial or supervisory capacity, and it is

FURTHER ORDERED that the exemptions to the registration requirements provided by N.J.S.A. 49:3-56 are hereby summarily revoked; and it is

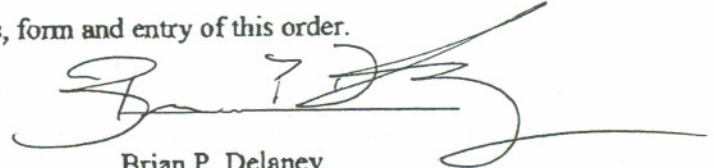
FURTHER ORDERED that Brian P. Delaney will continue to cooperate with the Bureau in its ongoing investigation and make himself available to the Bureau staff upon reasonable notice.



Franklin L. Widmann
Chief, Bureau of Securities

DATED: *September 8, 2003*

I, Brian P. Delaney consent to the findings, form and entry of this order.



Brian P. Delaney

DATED: *9/8/03*